

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

TAYLOR HEALTHCARE PRODUCTS,
INC.,

Plaintiff,

v.

MEDSOURCE INTERNATIONAL, LLC,
MEDSOURCE USA, INC., AND
MEDSOURCE SALES, LLC, all d/b/a
MEDSOURCE,

Defendants.

Civil Action No. _____

Jury Demanded

PLAINTIFF TAYLOR HEALTHCARE PRODUCTS, INC.'S
ORIGINAL VERIFIED COMPLAINT

COMES NOW Plaintiff Taylor Healthcare Products, Inc. (“Taylor Healthcare”), and files this Original Verified Complaint against Defendants MedSource International, LLC, MedSource USA, Inc., and MedSource Sales, LLC, all doing business as MedSource (collectively, “MedSource”), alleging as follows:

I. INTRODUCTION & SUMMARY

1. Taylor Healthcare is a Texas corporation started in 2005 which has spent twelve years building a brand reputation for innovative and high quality medical products. Competitor MedSource blatantly copied a product photo from Taylor Healthcare’s website, and started using it as its own to promote one of MedSource’s competing products.

2. Taylor Healthcare now files suit to stop MedSource from its unauthorized and infringing use of Taylor Healthcare’s photos in order to avoid confusion and irreparable harm to

Taylor Healthcare. This suit is further brought so that Taylor Healthcare may recover the economic damages, statutory damages, costs, and attorneys' fees to which it is entitled.

II. PARTIES

3. Taylor Healthcare is a Texas corporation with its principal place of business in Montgomery County, Texas.

4. Upon information and belief, MedSource International, LLC is a Minnesota limited liability company doing business in Texas with a principal place of business at 5346 Shoreline Drive, Mound, MN 55364. MedSource International, LLC can be served with process through the Minnesota Secretary of State on its manager, Calvin T. Fagley, at its registered office at 4201 Norex Drive, Chaska, MN 55318.

5. Upon information and belief, MedSource USA, Inc. is a Minnesota corporation doing business in Texas with a principal place of business at 4201 Norex Drive, Chaska, MN 55318. MedSource USA, Inc. can be served with process through the Minnesota Secretary of State on its CEO, Elias Haddad, at its registered office at 222 Grand Ave. W., #100, South St. Paul, MN 55075.

6. Upon information and belief, MedSource Sales, LLC, is a Minnesota limited liability company doing business in Texas with a principal place of business at 11070 Mayfield Avenue N, Stillwater, MN 55082. MedSource Sales, LLC can be served with process through the Minnesota Secretary of State on its manager, Bruce Rollie, at its registered office at 11200 Stillwater Blvd., #107, Lake Elmo, MN 55042.

III. JURISDICTION AND VENUE

7. This is an action for (a) unfair competition and false designation of origin under the Lanham Act, 15 U.S.C. §§ 1051 et seq.; (b) state common law unfair competition; and (c)

copyright infringement under the Copyright Act of the United States, 17 U.S.C. §§ 501 et seq. The state law claims are substantially related to the claims arising under federal law; and as a result, this Court has ancillary jurisdiction over those claims.

8. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338, and 1367. This Court has federal question jurisdiction over this case because Taylor Healthcare has brought claims against MedSource under the United States Copyright Act, 17 U.S.C. §§ 501 et seq., and the Lanham Act, 15 U.S.C. §§ 1051 et seq. This court has the power to resolve the related state law claims under principles of pendent, supplemental and/or ancillary jurisdiction.

9. The Court has specific and general personal jurisdiction over MedSource pursuant to the Texas Long Arm Statute for the following reasons: MedSource is present within or has minimum contacts within the State of Texas and the Southern District of Texas; MedSource has purposefully availed itself of the privileges of conducting business in the State of Texas and the Southern District of Texas; MedSource regularly conducts and/or solicits business and engages in other persistent courses of conduct within the State of Texas and within the Southern District of Texas; MedSource has derived substantial revenues from its business activities, including its infringing acts, occurring within the State of Texas and the Southern District of Texas; and Taylor Healthcare's causes of action arise directly from MedSource's activities in the State of Texas and in the Southern District of Texas.

10. More specifically, and upon information and belief, MedSource directly and/or through authorized intermediaries, ships, distributes, offers for sale, sells, leases, markets, and/or advertises its products in the State of Texas, and the Southern District of Texas, including but not limited to the marketing, offering for sale, sale, and distribution of MedSource's MS-42210 Ready Fit Fitted Sheet cot sheet (hereinafter the "MS-42210 sheet"). MedSource solicits

customers for its line of products, specifically cot sheets, in the State of Texas and in the Southern District of Texas through its websites and national advertising, including the infringing publication referenced *infra*. MedSource sells its line of products, including the MS-42210 sheet, in the State of Texas and the Southern District of Texas, thereby committing conduct in this state that is in violation of both state and federal law. Upon information and belief, MedSource sells its line of products, including its cot sheets, to medical providers in the State of Texas and the Southern District of Texas.

11. MedSource has committed infringing acts both inside and outside the State of Texas and the Southern District of Texas that have caused injury to Taylor Healthcare within this state, and MedSource regularly does or solicits business, engages in other persistent course of conduct, or derives substantial revenue from goods used or consumed in the State of Texas and the Southern District of Texas, or expects or should reasonably expect the infringing acts at issue herein to have consequence in this state.

12. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b), 1391(c), and/or 1400(a). MedSource has transacted business in this judicial district, and has directly and indirectly committed and/or induced acts of copyright infringement in this district. Additionally, Taylor Healthcare is the owner of the copyrights that are the subject of this litigation, and Taylor Healthcare maintains its principal place of business in the Southern District of Texas. Taylor Healthcare commercialized and used the protected intellectual property in the Southern District of Texas.

IV. FACTS

13. Plaintiff Taylor Healthcare is a Texas corporation that has been in existence since January 12, 2005, and which has done business under that name since the date of its

incorporation. Taylor Healthcare is a family owned and operated business specializing in the production and sale of medical products primarily related to emergency medicine, including but not limited to sheets designed specifically for medical stretchers, sterile burn sheets, and hospital-grade blankets. Over the past twelve years, Taylor Healthcare products have become industry standard for emergency medical service providers, hospitals, and fire departments. Taylor Healthcare products are routinely featured in industry magazines, and Taylor Healthcare regularly showcases its products at events such as the EMS World Expo, and the Texas EMS Conference.

14. MedSource is a competitor of Taylor Healthcare. MedSource advertises itself as a manufacturer and provider of a variety of medical products including blankets and linens.

15. On or about 2013, Stryker®, the manufacturer of stretchers, EMS and evacuation equipment, introduced its new XPS (Expandable Patient Surface) cot mattress, which had a unique shape and size.

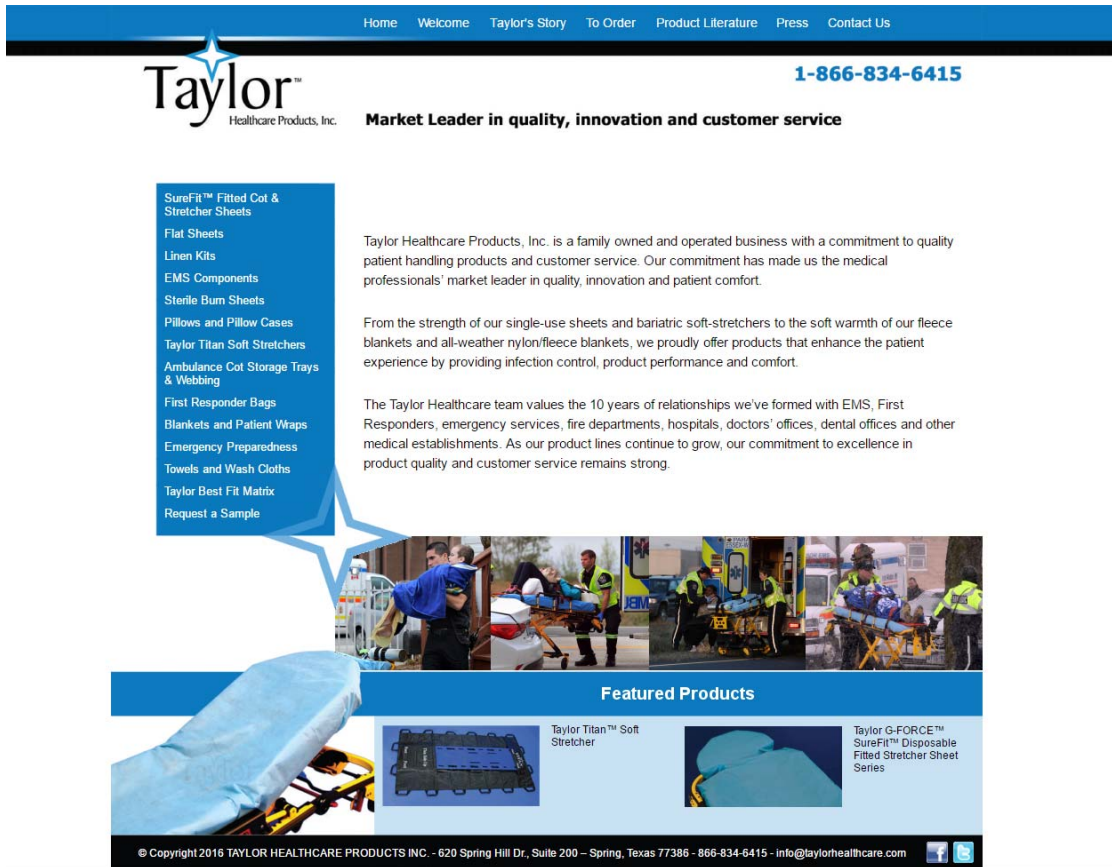
16. In response, Taylor Healthcare was the first company to offer fitted cot sheets designed specifically for the Stryker® XPS cot mattress. Taylor Healthcare began production of this new sheet in late 2013.

17. By early 2014, Taylor introduced the new and innovative G-Force™ SureFit™ fitted cot sheet and made its first sale of the sheet in May 2014.

18. Taylor Healthcare principal Larry Walsh took this picture for use in Taylor Healthcare's marketing and advertising of the G-Force™ SureFit™ series sheets:



The picture was then sent to Taylor Healthcare's graphic artist for use on Taylor Healthcare's website (<http://www.taylorhealthcare.com/index.html>) and other marketing materials. The picture currently can be found on Taylor Healthcare's webpages, including the homepage:



19. In addition to Taylor Healthcare's website, the picture is featured in the company's catalogs, literature, and advertisements. Moreover, since Taylor Healthcare sells its products through distributors, this photo is included on distributors' websites and in their catalogs and sales literature.

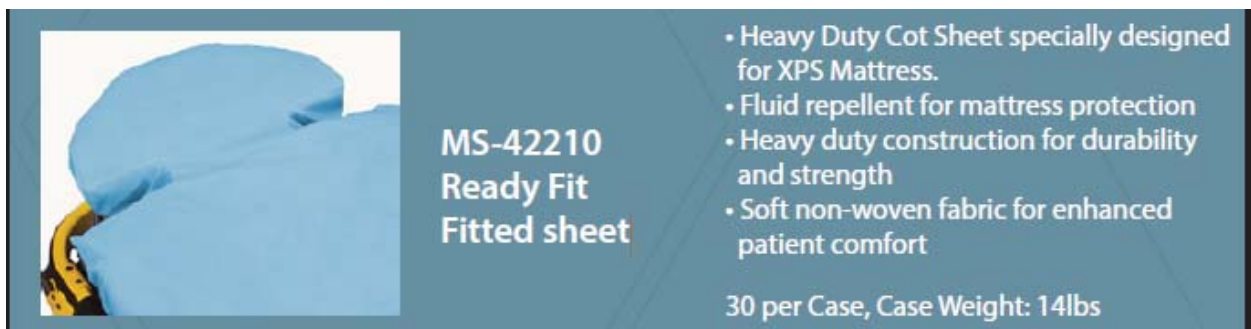
20. Taylor Healthcare has spent four years utilizing this photo, which is an exact picture of the G-Force™ SureFit™ sheet, through several different forms of media.

21. Subsequent to Taylor Healthcare's introduction of the G-Force™ SureFit™ sheet into the market, its competitors began making their own version of cot sheets that were represented as fitting the Stryker® XPS cot mattress.

22. In late February 2017, a customer of Taylor Healthcare received an e-mail from Jay Noble, National Sales Manager for MedSource International, soliciting business for MedSource's competing product -- the MS-42210 sheet. On February 24, 2017, this customer notified Taylor Healthcare that MedSource was targeting Taylor Healthcare's products, and on February 28, 2017, Taylor Healthcare first saw the infringing publication.



23. Attached to Mr. Noble's e-mail provided to the customer was a three-page publication entitled "MedSource Blankets and Linens: Cot Sheets" (hereinafter "Infringing Publication").¹

24. On page three (3) of the Infringing Publication, MedSource featured its MS-42210 as shown below.



25. A comparison of the infringing picture with one of the G-Force™ SureFit™ pictures found on Taylor Healthcare's website reveals the duplication:

¹ Attached as Exhibit A.

	
<p>Taylor Healthcare's G-ForceTM SureFitTM picture http://www.taylorhealthcare.com/surefit-cot-and-stretcher-sheets.html</p>	<p>MedSource's Cot Sheet literature Subject Image allegedly depicting its MS-42210 Ready Fit Fitted Sheet (Ex. A)</p>

26. As a clearer example, Taylor Healthcare's graphic artist showed Taylor Healthcare how easy it is for someone to alter the colors within the photo:



27. While using Taylor Healthcare's photograph in its advertising, MedSource portrays its MS-42210 Ready Fit Fitted sheet as a comparable product to Taylor Healthcare's G-ForceTM SureFitTM Fitted Stretcher Sheets. MedSource's description of its sheet's qualities is remarkably similar to Taylor Healthcare's description of the G-ForceTM SureFitTM Fitted Stretcher Sheets:

Taylor Healthcare's G-Force™ SureFit™ Fitted Stretcher Sheets	MedSource MS-42210 Ready Fit Fitted Sheet
<ul style="list-style-type: none"> • Custom fitted to the unique XPS mattress design • Available in fluid resistant* fluid impervious** and heavy duty versions • Protects the mattress and patient against cross-contamination • Elastic fitted design eliminates sheet slippage • Soft linen-like feel maximizes patient comfort • Reduces the overhead cost associated with reusable sheets • The G-Force fitted sheets series is designed to aid in patient transfers up to 350 pounds 	<ul style="list-style-type: none"> • Heavy Duty Cot Sheet specially designed for XPS Mattress. • Fluid repellent for mattress protection • Heavy duty construction for durability and strength • Soft non-woven fabric for enhanced patient comfort

28. On March 1, 2017, Taylor Healthcare sent MedSource a cease and desist letter demanding the MedSource stop using Taylor Healthcare's G-Force™ SureFit™ pictures and recall all MedSource marketing materials that use the photo.²

29. As of this date, MedSource has failed to respond to the cease and desist letter.

30. MedSource also operates a website (<http://gomedsource.com/>) to market and sell its products, including the MS-42210 Ready Fit Fitted sheet. While the main pages of MedSource's website do not include a copy of Taylor Healthcare's G-Force™ SureFit™ picture, parts of the website are only accessible through dealer log-in accounts. At this time, MedSource

² Attached as Exhibit B.

is uncertain as to whether MedSource is also using Taylor Healthcare's photo or photos on its website, but believe probability is high.

31. Additionally, at this time of year, distributors are currently finalizing 2017 product catalogs and therefore there is a likelihood MedSource is providing Taylor Healthcare's photo to distributors. MedSource and Taylor Healthcare share many of the same distributors. Taylor Healthcare's business reputation will be harmed if customers receive product catalogs that publish Taylor Healthcare's photo in connection with MedSource's MS-42210 sheet.

32. Accordingly, Taylor Healthcare brings this action for emergency and permanent relief to enjoin MedSource from engaging in various forms of false advertising and infringement of Taylor Healthcare's copyright. Additionally, Taylor Healthcare seeks an order from the Court for the destruction of all copies of the Infringing Publication. Taylor Healthcare also seeks damages for MedSource's willful and intentional infringing activities, and recovery of attorney's fees and costs.

V. CAUSES OF ACTION

Count I: Federal Unfair Competition and False Designation of Origin

33. Taylor Healthcare refers to and incorporates herein the allegations set forth above.

34. MedSource's conduct and actions in interstate commerce, as set forth above, constitute unfair competition under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). MedSource has intentionally engaged in conduct that constitutes passing off and false advertising.

35. MedSource's use of Taylor Healthcare's photograph is prohibited under § 1125(a)(1), which provides civil liability for:

Any person who, on or in connection with any goods... uses in commerce any... symbol, or device... or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association or such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities.

36. The photo of Taylor Healthcare's G-Force™ SureFit™, as used by MedSource, is simultaneously a device, a false designation of origin, and a false or misleading representation of fact (*i.e.* a false representation that MedSource's sheet is Taylor Healthcare's sheet) which is likely to cause confusion among customers, as per subsection (A). It is also, as per subsection (B), misrepresenting the nature, characteristics, and qualities of MedSource sheet by virtue of misattribution. MedSource is passing off its MS-42210 Ready Fit Fitted Sheet as Taylor Healthcare's G-Force™ SureFit™ sheet.

37. MedSource's use of Taylor Healthcare's proprietary photograph has caused and is likely to cause confusion, mistake, or deception in more than one way. On the one hand, MedSource's use of Taylor Healthcare's product imagery creates confusion within the industry because customers believe they are receiving a product of the same quality, standard, and type produced by Taylor Healthcare. On the other, potential customers seeing the same picture used by both MedSource and Taylor will likely be confused as to a relationship between the parties or believe that the parties are using stock photos—*i.e.*, if a customer believes Taylor Healthcare is using a purchased stock photo, the customer will believe that the picture does not depict the actual product. Those customers and potential customers of Taylor Healthcare who see MedSource's unauthorized use of Taylor Healthcare's photo prior to seeing the legitimate

advertisements may mistake Taylor Healthcare for a copycat, thus lowering Taylor Healthcare's reputational value.

38. Because Taylor Healthcare's products are known in the medical and emergency services industry for having a higher quality than its competing products, this deception will cause irreparable harm to Taylor Healthcare's good will and reputation as a high quality innovator and customer service leader. This confusion harms Taylor Healthcare's business reputation and lowers the expected quality of Taylor Healthcare products and unjustifiably raises the expected quality of MedSource's products.

39. MedSource's deceptive practice has been used to benefit sales of the MS-42210 Ready Fit Fitted Sheet. MedSource intentionally portrayed a product through the use of a picture acquired from a similar, competitive product to misrepresent its MS-42210 Ready Fit Fitted sheet.

40. As a result of such infringement, Taylor Healthcare has suffered damages and is likely to sustain injury to its goodwill and business reputation. Further, as a result of such infringement, MedSource has profited unjustly from the marketing, promotion, distribution, and sale of its products by infringing Taylor Healthcare's property rights.

Count II: Common Law Unfair Competition

41. Taylor Healthcare refers to and incorporates herein the allegations set forth above.

42. MedSource's conduct and actions set forth above constitute unfair competition in violation of the common law of Texas.³

³ Within the broad scope of unfair competition are the independent causes of action such as trade-secret law, "palming off" or passing off, and misappropriation. *See* W. PAGE KEETON ET AL., PROSSER AND KEETON ON THE LAW OF TORTS § 130 at 1013–30 (5th ed. 1984); *see also* Universal City Studios v. Kamar Industries, 217 U.S.P.Q. 1162, 1982 WL 1278 (S.D.Tex.1982) (stating, "The doctrine of misappropriation is a branch of the tort of unfair competition which involves the appropriation and use by the defendant, in competition with the plaintiff, of a unique pecuniary interest created by the plaintiff through the expenditure of labor, skill and money.

43. As a result of such unfair competition, and in particular misappropriation, Taylor Healthcare has suffered damages and is likely to sustain injury to its goodwill and business reputation symbolized by the G-Force™ SureFit™ series sheets.

44. MedSource's unauthorized use of Taylor Healthcare's photos falsely represents MedSource's products as emanating from or being authorized by Taylor Healthcare. This infringement coupled with MedSource's targeted advertising to Taylor Healthcare's customers undermines Taylor Healthcare's goodwill that would be otherwise associated with the innovation and sale of the G-Force™ SureFit™ series sheets.

45. As a result of such unfair competition, MedSource has profited unjustly from the marketing, promotion, distribution, and sale of its products by infringing Taylor Healthcare's property rights.

46. As a further result of this misappropriation, MedSource wrongfully competes with Taylor Healthcare and Taylor Healthcare has been forced to expend additional time and resources to try to prevent such misappropriation.

47. In addition, Taylor Healthcare will be irreparably harmed and damaged by the continuation of such unfair competition.

Count III: Federal Copyright Infringement

48. Taylor Healthcare refers to and incorporates herein the allegations set forth above.

49. The photograph depicting the Taylor Healthcare G-Force™ SureFit™ sheets is an original "pictorial work" fixed in a tangible medium of expression, to which federal copyright protection inures. This work is a "work made for hire" and accordingly, Taylor Healthcare owns

[cites omitted] It is recognized under Texas law.") (*approved* in *Conan Properties, Inc. v. Conan's Pizza, Inc.*, 752 F.2d 145, 156 (5th Cir.1985)).

the copyright to said photograph depicting the Taylor Healthcare G-Force™ SureFit™ sheet. This picture was first published by Taylor Healthcare in 2014.

50. The actions and conduct of MedSource set forth constitute copyright infringement under 17 U.S.C. § 501.

51. Such copyrighted works are widely disseminated by Taylor Healthcare and authorized users to the public, including publication of the photos on Taylor Healthcare's website.

52. As the copyright owner, under 17 U.S.C. § 106 Taylor Healthcare has the exclusive rights to reproduce a copyrighted work in copies, to distribute copies to the public and/or display the copyrighted work publicly.

53. MedSource has open and easy access to each of these pictures.

54. The photograph found in the Infringing Publication was copied and possibly manipulated in a very minor fashion by MedSource.

55. MedSource copied the photograph for its own use and financial benefit and gain without obtaining permission or license from Taylor Healthcare.

56. MedSource's acts of infringement have caused, and will continue to cause, damage to Taylor Healthcare.

VI. INJUNCTIVE RELIEF

57. Taylor Healthcare refers to and incorporates herein the allegations set forth above.

58. Taylor Healthcare seeks injunctive relief against MedSource to prevent continuing violations.

59. Taylor Healthcare seeks an injunction prohibiting MedSource from using Taylor Healthcare's photos in any of its marketing materials or disseminating Taylor Healthcare's photos for any use in connection with MedSource products.

60. To receive an injunction, Taylor Healthcare will show (1) a substantial likelihood of success on the merits; (2) a substantial threat that it will suffer irreparable injury if the injunction is denied; (3) that the threatened injury outweighs any damage that the injunction might cause MedSource; and (4) that the injunction will not disserve the public interest.⁴

A. Request for Temporary Restraining Order

61. Taylor Healthcare refers to and incorporates herein the allegations set forth above.

62. Taylor Healthcare asks this Court to set a hearing on this Application for a Temporary Restraining Order. The specific facts in this verified complaint show that immediate and irreparable injury, loss or damage will result to Taylor Healthcare before MedSource can be heard in opposition.

63. MedSource has already been notified, by way of a cease and desist letter, of their infringing acts, as set forth in paragraphs 28 and 29.

A. Request for Preliminary Injunction

64. Taylor Healthcare refers to and incorporates herein the allegations set forth above.

65. Taylor Healthcare asks this Court to set a hearing on this Application for a Preliminary Injunction, and after the hearing, enter a preliminary injunction granting the relief requested herein.

B. Request for Permanent Injunction

66. Taylor Healthcare refers to and incorporates herein the allegations set forth above.

⁴ *Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 251 (5th Cir.1997).

67. After a trial on the merits, Taylor Healthcare asks this Court to enter a permanent injunction granting the relief requested herein.

VII. BOND

68. Taylor Healthcare is willing to post a reasonable bond.

VIII. ATTORNEYS' FEES AND COSTS

69. Pursuant to 15 U.S.C. § 1116, the costs of Taylor Healthcare's action may be recovered for violations under the Lanham Act, 15 U.S.C. § 1125(a).

70. 15 U.S.C. § 1117(a) also provides for an award of reasonable attorneys' fees to the prevailing party in exceptional cases.⁵ Taylor Healthcare avers that this is such an exceptional case because of the deliberate and willful nature of the MedSource's acts.

71. As a result of MedSource's conduct, Taylor Healthcare has been forced to retain the services of counsel to represent it in this matter, and has been forced to incur and is presently incurring attorneys' fees in order to enforce its rights. These fees and expenses are necessary and reasonable in order to prosecute this matter.

72. Accordingly, Taylor Healthcare requests that it be granted an award of attorneys' fees and costs as a result of MedSource's actions.

IX. JURY DEMAND

73. Plaintiff demands a jury on all claims and issues.

X. CONCLUSION AND PRAYER

⁵ See *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 555–56 (5th Cir. 1998): “An exceptional case is one where the violative acts can be characterized as malicious, fraudulent, deliberate, or willful,” and the necessary showing demands a “high degree of culpability on the part of the infringer, for example bad faith or fraud.” *Id.* (quoting *Pebble Beach Co.* at 555).

WHEREFORE, Plaintiff Taylor Healthcare Products, Inc. prays that the Court grant the following relief against Defendants MedSource International, LLC, MedSource USA, Inc., and MedSource Sales, LLC:

- a) Judgment in favor of Plaintiff Taylor Healthcare Products, Inc. and against Defendants;
- b) Preliminary and Permanent injunction against Defendants prohibiting any future infringement or violation;
- c) Maximum statutory damages in the amount of \$150,000 per work infringed under 17 U.S.C. § 504(c), or alternatively, Taylor Healthcare Products Inc.'s actual damages and the profits of Defendants that are attributable to the violations alleged herein pursuant to 17 U.S.C. § 504(b);
- d) All damages sustained by Taylor Healthcare Products, Inc. in an amount to be determined at trial based on Defendants' false designation of origin, description, and representation, and acts of unfair competition against Taylor Healthcare Products, Inc., including Defendants' profits and any damages sustained by the Plaintiff, pursuant to 17 U.S.C. § 1117;
- e) Enhanced damages awarded under 15 U.S.C. § 1117(a), up to three times the amount found as actual damages for Defendants' false designations of origins, descriptions, and representations in an amount to be determined at trial;
- f) Damages in the amount of total profits received by Defendants from, and any damages sustained by Taylor Healthcare Products, Inc. as a result of Defendants' common law unfair competition in an amount to be determined at trial;
- g) Attorney's fees and costs under 17 U.S.C. § 505, 15 U.S.C. §§ 1116 and 1117(a); and
- h) Such other and further relief as is just and proper.

Respectfully submitted,

JOHNSON DELUCA KURISKY & GOULD, P.C.

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